

MISCELLANEOUS

DESCRIPTION

Some initiatives funded in the budget are not exclusive to any one department. These items are consolidated in this section.

FINANCIAL ACTIVITY

	FY2003	FY2004	Biennium		Change	FY2007	FY2008	FY2009
	Actual	Adopted	FY2005 1 st Year	FY2006 2 nd Year	FY2004 to FY2005	Projected	Projected	Projected
<u>Non-Departmental</u>								
Right-of-way	\$50,183	\$50,000	\$50,000	\$50,000	0.0%	\$50,000	\$50,000	\$50,000
Economic Dev. Incentive	61,980	110,000	110,000	110,000	0.0%	110,000	110,000	110,000
Other	<u>502,767</u>	<u>937,000</u>	<u>1,357,000</u>	<u>1,335,000</u>	44.8%	<u>1,353,000</u>	<u>1,353,000</u>	<u>1,353,000</u>
Subtotal	\$614,931	\$1,097,000	\$1,517,000	\$1,495,000	38.3%	\$1,513,000	\$1,513,000	\$1,513,000
<u>Miscellaneous</u>								
Community Contracts	\$1,556,315	\$1,658,300	\$1,774,900	\$1,727,900	7.0%	\$1,877,900	\$1,877,900	\$1,877,900
Convention Center	3,278,053	3,238,000	3,410,300	3,529,600	5.3%	3,635,500	3,744,500	3,856,900
Employee Benefits	881,958	2,658,900	2,635,400	2,635,400	-0.9%	2,753,700	7,099,300	10,570,500
Transfer from Utilities	1,214,500	1,214,500	1,214,500	1,214,500	0%	1,214,500	1,214,500	1,214,500
Nursing Home Subsidy	265,247	0	0	0	0%	0	0	0
Interest Paid on Taxes	86,033	59,000	59,000	59,000	0%	59,000	59,000	59,000
Tax Relief for Elderly	<u>1,524,397</u>	<u>2,081,500</u>	<u>1,758,700</u>	<u>1,846,600</u>	-15.5%	<u>1,938,900</u>	<u>2,035,800</u>	<u>2,356,700</u>
Subtotal	\$8,806,503	\$10,910,200	\$10,852,800	\$11,013,000	-0.5%	\$11,479,500	\$16,031,000	\$19,935,500
Total	\$9,421,434	\$12,007,200	\$12,369,800	\$12,508,000	3.0%	\$12,992,500	\$17,544,000	\$21,448,500

BIENNIAL BUDGET ANALYSIS

Non-Departmental

The non-departmental budget category includes a range of programs and initiatives not easily classified within specific departments. These programs include right-of-way charges incurred for surveying services throughout the year, economic development incentive funds used for state grant matches, site improvements and other costs associated with economic development, and funds allocated for financial obligations related to the county's contract with the Industrial Development Authority for the Meadowville Technology Park, a 1,582-acre industrial park along the James River at the I-295/Route 288 beltway in eastern Chesterfield County.

Increased funding for FY2005 and FY2006 represents contractual payments on additional parcels of land acquired for and contiguous to the Meadowville Technology Park site.

Community Contracts

Effective with the FY2005 budget, the county made substantial changes to its community contract and donations procedures by implementing a formalized application process. This provides the county with an expanded description of specific programs and services the county's funds are asked to support, other sources and potential sources of funding available to

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requesting agencies, the number of Chesterfield residents served as a percentage of each agency's total clients, and the amount requested from the county as a percentage of the agency's total operating budget. More than sixty organizations have requested the county's financial support for their FY2005 programs. Consistent with the county's Strategic Goal Number 1, to be exemplary stewards of the public trust, the Board of Supervisors annually endeavors to allocate available funds to effectively and equitably meet the needs of the communities that rely on the county's support. The FY2005 budget includes \$1,774,900 to fund these requests, which is an increase of \$116,600 (7.0 percent) over the FY2004 appropriation of \$1,658,300.

The county's Strategic Goal Number 3, to be acknowledged for extraordinary quality of life, is reflected in its commitment to housing, education and health as well as to protecting natural resources and our historical heritage. In support of this strategic goal, the FY2005 budget includes funding for many agencies, such as CARES, CARITAS, and Homeward, which provide shelter for the homeless. Children's Hospital, Central Virginia Independent Living Center, the YWCA's Chesterfield Domestic Violence Shelter, Meals on Wheels, the Shepherd's Center and Senior Connections are among many funded agencies providing crisis intervention and assistance. A significant percentage of community contract funding is also allocated to educational agencies: the Maymont Foundation, the Children's Museum of Richmond and the Science Museum provide Chesterfield school groups with age-appropriate, Virginia Standards-of-Learning-based programs in natural sciences, history, and the arts. Other educational organizations such as the READ Center and the Tri-City Literacy Program provide adult literacy programs and English as a Second Language tutoring. John Tyler Community College, Richard Bland College, and Virginia State University receive county support for scholarship programs that directly benefit Chesterfield county students. In addition, the county will continue its support of regional education initiatives with a \$75,000 contribution to the Virginia Commonwealth University School of Engineering, bringing the county's total support of this project to \$750,000 since FY1997.

Visitation at the historic Citie of Henricus has grown from 5,000 in 1997 to 38,000 in 2003, having a significant and positive impact on Chesterfield tourism. The county will continue funding Henricus operating costs in FY2005 by allotting \$92,000 to help offset the loss of state revenue this organization has sustained. The Henricus Foundation anticipates a significant increase in visitors in conjunction with the 2007 celebration of the 400th anniversary of the Jamestown Landing and has numerous capital improvements planned. Additional funding for capital improvements at Henricus is provided in the county's Capital Improvement Program.

The county's newest strategic goal - to be responsible protectors of the environment - has long been sustained by support of Friends of Chesterfield's Riverfront, a not-for-profit organization that supports public interest goals, projects, and community activities along the James and Appomattox Rivers. The county also provides funding to RideFinders, which provides car, vanpool, and park & ride lot formation services in the area, thus reducing pollution from automobile emissions. Many other county operations and capital improvement projects also support the county's goal to protect the environment.

Consistent with Strategic Goal Numbers 5 and 7, the county is strongly committed to being both a unifying leader of local government and the FIRST CHOICE business community, providing opportunities for businesses to locate, grow, and prosper in the community. The county contributes to numerous agencies in support of these goals. Among them are the Virginia Hispanic Chamber of Commerce, which has the only federal Small Business Administration-provided, English-Spanish small business incubator system in the United States. Significant funding is provided through the Community Development Block Grant program for a small business incubator in the Jefferson Davis corridor and for code compliance. Metro Richmond Sports Backers and the Mid-Eastern Athletic Conference, both of which promote regional sports tourism, are again recipients of county funding in FY2005. The Richmond Metropolitan Convention and Visitors Bureau will receive funding for regional marketing campaigns, which are explained below in the *Convention Center Reimbursement* section. The county will participate

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in celebrating the 400th anniversary of the Jamestown Landing in 2007. As part of the celebration, the budget includes funding for improvements to historical sites in the county. The county continues to actively promote growth and development within the region and to identify opportunities for regional relationships that further common goals.

Convention Center Reimbursement

Reimbursement for the Convention Center was established to account for the exchange of funds between the county and the Greater Richmond Convention Center Authority (GRCCA). The county's two percent transient occupancy tax is pledged as security for the financing of the construction of the Convention Center's expansion. The two-percent tax is returned to the county at the end of the fiscal year, resulting in no net financial impact on the county. In addition to the two percent pledge, the county provides all proceeds from a six percent transient occupancy tax to GRCCA to help finance the expansion. The totals in the above table show the combined eight percent tax that is provided to GRCCA.

The FY2005 budget includes a contribution to the Richmond Metropolitan Convention and Visitors Bureau (RMCVB) of \$595,016, which represents an increase of \$69,912 or 13.4 percent over FY2004. This funding is based on a percentage of hotel room sales in each local jurisdiction and is used by RMCVB for marketing and advertising programs, including the regional brand, "The Historic Richmond Region." These campaigns are designed to attract more business to the recently expanded Convention Center, the Henricus Historical Park, the Canal Walk, and the National Battlefield Park Visitors Center. This contribution is expected to increase in 2006 due to an anticipated increase in hotel room sales and a 0.184 percent increase in the percentage contributed to RMCVB.

Employee Benefits

Some costs related to employee benefits are budgeted in central accounts rather than in individual departments. These costs include health care for retirees, the county's supplemental retirement program, and a portion of costs related to workers' compensation. Due to recommendations in the annual actuarial report, an increase of \$200,000 has

been added for the county's contribution to the supplemental retirement program. While the budgeted amounts for other employee benefits have decreased, workers' compensation insurance projection estimates have increased, resulting in a net decrease of \$23,500 in total employee benefits. Projections for FY2008 and FY2009 reflect funds set aside for anticipated increases in employee benefits not reflected in individual department narratives.

The FY2005 budget reflects a 2.5 percent performance-based merit increase for all eligible employees. This increase is reflected in individual department financial information and narratives.

Transfer from Utilities

Effective with the FY2002 budget, the county changed its methodology for calculating the annual transfer from the Utilities Department. Rather than basing this reimbursement on the costs of fire hydrants for fire protection, the county now uses the estimated real estate and property tax revenue the Utilities Department would pay to the county if it were a separate and taxable entity. Beginning with the FY2003 budget, the county began classifying this revenue of \$1,214,500 as a transfer from Utilities rather than as a reimbursement in order to comply with GASB 34 guidelines. Estimated real estate and property tax revenue is the methodology being used to calculate the payment in FY2004 and beyond.

Nursing Home

Although the Nursing Home operates under the auspices of the Health Center Commission (HCC), the county has been subsidizing Nursing Home operations since FY1994. The county's subsidies have been made in order to comply with the requirements of the Hill-Burton Public Facilities Act and to assist the HCC with operating shortfalls they have experienced since inception. The county's obligation under the Hill-Burton Act ended in 1996, although subsidies to assist with operating shortfalls have continued.

Since FY1994, the county has contributed over \$9.3 million to the HCC. In FY1995, \$2.5 million was provided as a contribution towards a construction and renovation project. In FY2000, a loan of \$975,000 was granted; payments totaling \$181,362 have been received to date and \$793,638 is still outstanding. A

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fifth extension was granted in FY2004, modifying the original terms of the loan to require a payment of \$75,000 by April 2004, \$100,000 by April 2005, and the balance of the loan by April 2006. Annual subsidies totaling over \$4.3 million were made from FY1994 through FY2002 and, in FY2002, an additional advance of \$1.5 million was made to help reduce accounts payable balances and to assist with on-going operations. In light of the \$1.5 million advance made in FY2002, no subsidy has been given since FY2003 and no subsidies are planned for future years.

Tax Relief for the Elderly

The real estate tax relief for the elderly and disabled program provides full or partial relief from real estate taxes for elderly or disabled individuals who meet specific income and net worth guidelines.

The cost of the program is projected to decrease by 16 percent to \$1,758,700 in FY2005 when compared

to the FY2004 adopted budget. This decrease can be attributed to an unanticipated decline in eligible applicants and tighter auditing of the applications. However, relief is projected to increase by an estimated five percent in FY2006 and each year thereafter due to criteria and the expansion of the 100 percent relief requirements. The FY2006 budget for this program is \$1,846,000.

In past years, participants in the tax relief program were eligible for 100, 75, 50 or 25 percent relief, depending on their net income levels. Beginning in 2004, the 75 percent relief category was combined with the 100 percent relief category so that more applicants would be eligible for 100 percent relief. The seventy-five percent exemption level has been eliminated. This update to the tax relief exemption schedule will provide greater relief to approximately seven hundred, or 30 percent, of eligible participants in the first year of implementation.